

19. List out some CPP method of preparing financial statements.
20. Write a short note on need of human resource accounting and its advantages?

APRIL/MAY 2023

GCM23/DCM23/DCP22 — ADVANCED
CORPORATE ACCOUNTING



Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL questions.

1. What is IRDA?
2. Explain Money at call and short notice.
3. Differentiate between amalgamation and external reconstruction.
4. Briefly explain the methods of paying purchase consideration.
5. Briefly explain the Procedures of Internal reconstruction.
6. Explain the term Variation of Shareholders' rights.
7. What is meant by Surrender of shares?
8. Explain any three disadvantages of holding companies.

9. Explain the need for inflation accounting.
10. What is Current Purchasing Power (CPP) Methods?

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) While closing the books of a bank on 31/12/1989, you find in the loan ledger as unsecured balance of Rs. 2 Lakh in the account of a merchant whose financial condition is reported to you as bad. Interest on the same account amounted to Rs. 20000 during the year. During the year 1990, the bank accepted 75 paise in the rupee on account of the debt up to 31st Dec. 1989. Give necessary Journal Entries.

Or

- (b) On 31st March 1998, a bank held the following bills discounted by it earlier.

Date of bill	Term of bill (months)	Discounted @% pa	Amount of Bill
January 17	4	17	730000
February 7	3	18	1460000
March 9	3	17.5	364000

You are required to calculate the rebate on bills discounted.

18. Draw a consolidated Balance sheet from the following Balance Sheet of H Ltd and S Ltd.

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share Capital (Shares of Rs. 10 each)	1000000	200000	Fixed Assets	800000	120000
General Reserve	100000	60000	Shares in S Ltd (at cost, 15000 shares)	150000	-
P & L account	400000	120000	Stock	610000	240000
Creditors	200000	120000	Debtors	130000	170000
Bills Payable	-	30000	Bills Receivable	10000	-
	1700000	530000		1700000	530000

- (a) All profits of S Ltd have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs. 60000 on that date.
- (b) All the bills payable of S Ltd were accepted in favour of H Ltd.
- (c) The stock of H Ltd includes Rs. 50000 purchased from S Ltd. The profit added was 25% on cost.

	Rs.		Rs.
Rent received	72000	Salaries and allowances	218800
Exchange and commission	32300	Postage and telegram	5600
Interest on fixed deposit	1100000	Sundry charge	4000
Interest on savings deposit	272000	Directors and auditors fees	16800
Interest on overdrafts	216000	Printing	8000
Discount on bills discounted	780000	Law charges	3600
Interest on current accounts	168000	Locker rent	1400
Interest on cash credits	892000	Transfer fees	2800
Depreciation on bank property	20000	Interest on loans	1036000

17. Life fund of a life assurance company was Rs. 86,48,000 as on 31.3.06. The interim bonus paid during the intervaluation period was 1,48,000. The periodical actuarial valuation determined the net liability at Rs. 74,25,000. Surplus brought forward from the previous valuation was Rs. 8,50,000. The directors of the company proposed to carry forward Rs. 9,31,000 and to divide the balance between the shareholders and the policy holders in the ratio of 1:10.

Show

- (a) The Valuation Balance Sheet.
- (b) The net profit for the Valuation period.
- (c) The distribution of surplus.

12. (a) Revenue account of LIC showed the life fund at Rs. 7317000 as 31.3.2006 before taking in to the following items.
- (i) Claims intimated but not admitted : 98250
 - (ii) Bonus in reduction of premium : 13500
 - (iii) Interest accrued on investment : 29750
 - (iv) Outstanding Premiums : 27000
 - (v) Claims covered under reinsurance : 40500
 - (vi) Provision for taxation : 31500
- Pass journal entries.

Or

- (b) A life insurance company disclosed a fund of Rs. 20,00,000 and the balance sheet total is Rs. 45,00,000 on 31.3.2006 before taking into consideration.
- (i) A claim of Rs. 10000 intimated and admitted but not paid during the year.
 - (ii) A claim of Rs. 6000 outstanding in the books for 8 years and written back.

- (iii) Interest on securities accrued Rs. 800 but not received during the year.
- (iv) Premium of Rs. 600 is payable under reinsurance.
- (v) Reinsurance recoveries Rs. 26000.
- (vi) Bonus utilised in reduction of premiums Rs. 10000.
- (vii) Agents commission to be paid Rs. 8000.

Pass the necessary journal entries.

13. (a) The following are the liabilities and assets of the holding company P Ltd. and its subsidiary Q Ltd. As on 31st December 2014. P Ltd. Acquired 12000 shares in Q Ltd. On 31st December 2014. Prepare the Consolidated Balance Sheet.

Liabilities	P Ltd. (Rs.)	Q Ltd. (Rs.)	Assets	P Ltd. (Rs.)	Q Ltd. (Rs.)
Share Capital:			Sundry Assets	48000	24000
Shares of Re.1 each	36000 24000	15000 9000	Investments:	12000	
Sundry Liabilities	60000	24000	12000 shares in Q Ltd.	60000	24000

Or

- (b) How would you ascertain the amount of minority interest of subsidiary companies?

14. (a) From the following details compute appropriate conversion factors.

- (i) General price index numbers — opening 200; Closing 300; Average for the year 240.
- (ii) General price index numbers — At the end of the year 200; On the date of acquiring an item of stock 120, On the date of acquiring an asset 150.

Or

- (b) List down the advantages of CPP method?

15. (a) What are the key scope of HR Accounting?

Or

- (b) What are the costs involved in HR Accounting?

SECTION C — (3 × 10 = 30 marks)

Answer any THREEE questions.

16. From the following particulars, prepare a profit and loss account of Lekshmi Bank Ltd., for the year ended 31.12.87.